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6 September 1963

MEMORANDUM FOR: Chief, Dissemination Control Branch, DD/CR  
FROM : Chief, Publications Staff, ORR  
SUBJECT : Transmittal of Material

It is requested that the attached copies of CIA/RR CB 63-71,  
Nasser Expands Foreign Aid Program, 27 August 1963, [redacted]  
[redacted] be forwarded as follows:

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State, INR Communications Center,  
Room 7818, State Dept. Bldg.  
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Tehran, Baghdad, Tel Aviv, Beirut,  
Amman, Jidda, Yaounde, Lagos,  
Mogadiscio, Algiers, and Sana

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Attachments:  
Copies #172 - #192 of CB 63-71

cc: CGS/RB

## ACTION COMPLETED

The dissemination requested by  
this memorandum has been completed.

BY: *N.D.*

Date: *6 Sept 63*



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Current Support Brief

NASSER EXPANDS FOREIGN AID PROGRAM



CIA/RR CB 63-71

27 August 1963

CENTRAL INTELLIGENCE AGENCY

Office of Research and Reports

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NASSER EXPANDS FOREIGN AID PROGRAM\*

Nasser, while receiving extensive economic, technical, and military assistance from both the Soviet Bloc and the West, is attempting to expand his influence through a widespread and diversified program of aid to his Middle Eastern and African neighbors. This program has increased significantly in size and scope in recent months. Nasser thus seems to be practicing his own version of the politico-economic tactics of the major world powers. Although by US standards Cairo's foreign aid program is modest and loosely organized, it reflects growing Egyptian concern over Israel's success in winning friends in Africa.

To date, the major recipients of aid from Cairo have been the Yemeni Republican regime and the Algerian government. Aid to Yemen and Algeria has encompassed many fields -- economic development projects, technical assistance programs, academic scholarships, teachers, arms, military training courses, and budget support grants. Egyptian programs in these two countries have developed along roughly parallel lines, starting with military assistance and rapidly branching out into many other activities.

1. General Scope of Foreign Aid

a. Military

Overt and covert military assistance play a major role in Egyptian foreign policy. Nasser reportedly will provide aircraft to carry Algerian-supplied arms to Angolan rebels, and Omani rebels are receiving both military training and small arms from Cairo. Guerilla fighters from Algeria, Nigeria, Cameroon, and the Somali Republic are reported to have been trained in Egypt during the period

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\* This publication covers only the programs in the Middle East and Africa and does not deal with minor Egyptian efforts elsewhere.

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1956-62. Military personnel from Algeria, Yemen, and Iraq currently are undergoing training in Egypt with the approval of their own governments, and Egyptian military training missions are operating in Yemen, Ghana, and the Somali Republic. 1/

b. Economic

Egyptian economic credits, extended to five countries, have totaled at least \$68 million since 1961, almost one-half of which have been extended to Algeria and Yemen. The balance is made up of credits to Guinea, Mali, and the Somali Republic; although these were announced in 1961, implementation was nonexistent until recently. In the last few months, Cairo has shown renewed interest in following up these offers with concrete projects, and developments suggest that this trend will increase in the immediate future. Egypt's precarious financial condition has raised some doubts about the feasibility of foreign lending. The Egyptians, however, apparently are trying to minimize the adverse effects of their politically inspired generosity: all industrial credits have been designated for the purchase of Egyptian goods and services -- an obvious move to generate an export market for the products of Egyptian industry and to make friends abroad without aggravating the foreign exchange crisis at home.

c. Academic

Academic, military, and technical training constitute the balance of the Egyptian foreign aid effort and probably reach at least two dozen other countries of the neutralist Afro-Asian bloc. Academic assistance is the most widespread field of activity, and a common religious heritage most frequently provides the entering wedge.

Egypt's Deputy Minister of Higher Education announced in June 1963 that 1,353 Egyptians are scheduled to teach in 27 African and Asian countries in the 1963/64 academic year. Most of the Egyptians teach in primary schools and do not possess university degrees; nevertheless, they offer an effective means for spreading Cairo's propaganda and influence. In comparison, Israel has some form of

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assistance program in about 85 countries, but the overseas education effort is made up of 84 teachers in 10 of these states. 2/

The granting of scholarships for foreign students to study in Egypt is the other major form of educational activity. A recent statement from Cairo claims that 21,000 foreign students are studying in Egyptian universities and technical institutes, 3,000 of whom hold scholarships from the Nasser regime. Egypt's atomic research center, being established with help from the International Atomic Energy Agency, is expected to become a potent propaganda asset; it will serve as a facility for training technicians from Arab and African countries in the peaceful uses of radioisotopes. 3/

2. Aid to Yemen

a. Military

Immediately after the overthrow of the Imamate in September 1962, Egypt began to supply assistance in substantial volume to Yemen. The early emphasis was entirely military, for preservation of the new government was prerequisite to any other action. Egyptian troops and equipment were rushed to the scene, and the Egyptian presence eventually exceeded 30,000 troops. Soviet-built equipment first came through Egypt and later arrived by direct shipment from the USSR. Although some of the expense of this operation probably is being shared with Moscow, Egypt undoubtedly is feeling financial pressure from the cost of supporting its large contingent of troops under combat conditions. Some withdrawal of Egyptian military personnel may result from the UN-sponsored disengagement agreement that is now officially in effect; however, Nasser has made it clear that a substantial number of military "technicians" will remain to "advise and train" the Republican army. This contingent is expected to number about 5,000. 4/

The Egyptians are extremely active in military instruction in Yemen -- supplying cadres for recruit training; conducting parachute, artillery, and infantry courses; staffing the military academies in San'a and Raudha; and, in association with the USSR, providing instructors at

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the Ta'iz military academy. Cairo plans to establish schools for pilots and air force mechanics in 1964. In the interim, 50 Yemeni cadets destined to form the nucleus of the Yemeni air force are attending the air academy in Egypt. Another group of 80 Yemenis departed for the Cairo military academy in April. 5/

b. Economic

Stabilization of the military situation has been followed by more diversified aid from Cairo. This assistance has included loans for purchase of nonmilitary goods; loans to support the fiscal position of the Republican Government; experts to advise on foreign trade, finance, economic planning, education, agriculture, and public works; vocational training centers in leather tanning, shoemaking, auto maintenance, and carpentry; and teachers to operate within the primitive educational system of Yemen.

Direct financial support began in the fall of 1962. A branch of Cairo's Misr Bank was established and, pending the creation of a Yemeni central bank, all foreign loans were guaranteed by Egypt. A loan of \$2.3 million\* was extended in November 1962 for the purchase of Egyptian goods and was followed by a gift of cement to be sold for domestic currency to meet current operating expenses of the government. An additional "5 million riyal"\*\* loan was announced in June 1963. A large part of this second loan is to be used for a series of light industrial and agricultural projects; the balance is in the form of new silver coins, minted in Cairo, which began arriving in Yemen in July. 6/

Terms on the two loans are very liberal -- both are interest free. The loan of November 1962 was extended before a repayment schedule was established, and the loan of June 1963 calls for repayment in 10 equal semiannual installments after a 5-year grace period.

\* All Egyptian pound figures have been converted at the rate of 1 Egyptian pound to US \$2.30.

\*\* The value of the new Republican riyal has not been announced, but the probable value of this loan is \$4 million to \$5 million.

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c. Academic

Egypt is furnishing Yemen a substantial number of instructors and advisers. A small contingent of teachers probably was present at the time of the revolution, 52 were despatched in November 1962, and 200 more are to be sent in the near future. Some 300 Egyptian experts are to spend the next year in Yemen under terms of a technical and cultural cooperation agreement signed in June 1963.

The presence of at least 5,000 Egyptian military personnel, 250 teachers, and 300 advisers and technicians will provide means for guiding the future development of the government and economy of Yemen in a direction compatible with Nasser's interests. This leverage will be reinforced by the dependence of the Yemeni regime on Cairo for financial, political, and military support.

3. Aid to Algeria

By July 1963, 1 year after Algerian independence, Egyptian participation in the military establishment, the economic life, and the academic system of Algeria has assumed considerable proportions.

a. Military

As in Yemen, the first help to materialize was military. Shortly after independence, two US-built minesweepers and three shiploads of military equipment and medical supplies were delivered, and pilot training for 21 Algerians was underway.

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Military training of Algerians also has grown steadily. At least 500 Algerian officers and cadets have gone to Egypt for military, naval, and air training in the past year.

b. Economic

Discussions of economic and technical assistance took several months to bear fruit. By December, however, Cairo extended a \$23-million loan to the Ben Bella regime. This interest-free loan, repayable

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over 12 years after a 2-year grace period, was announced as "unconditional." An official of the National Bank of Egypt, nevertheless, assured the American Embassy that the loan would be entirely in Egyptian goods and services that could not be used to earn hard currency for Cairo. 7/ Half of the loan has been allocated for development of the Algerian textile industry. In May, 600 Algerian workers began arriving for training in Egyptian textile factories. Seven Egyptian textile experts reached Algiers on 13 June to begin work on the first textile plant, and construction equipment was due shortly thereafter.

Technical assistance also will be aimed at reactivation of unused Algerian industrial capacity. In discussing the direction of Egyptian aid, the Algerian Minister of Industry and Power stated that 850 of the 2,500 factories in Algeria were idle. Development of an Algerian government oil company modeled on that of Egypt also is contemplated. Two Egyptian engineers have been sent to assist in the reorganization of Algerian ports, and 10 other Egyptian experts have gone to "study questions of industrialization."

Another major goal of cooperation was realized on 13 July with the signing of an agreement for the establishment of a bank and an insurance company in Algiers. Both organizations are to be financed jointly by Algeria and Egypt. Capitalization was set at \$11.5 million for the bank and \$460,000 for the insurance company.

c. Academic

Egypt's academic aid program also has been important to Algeria. A group of 50 teachers, including 19 medical doctors, arrived in Algiers in December 1962; a second contingent of 50 left Cairo in January 1963. Later that month, an Egyptian technical committee completed its study of Algerian educational needs and announced that 700 additional teachers and professors would be sent in the near future.

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4. Aid to Other Middle Eastern Countries

Egypt has contributed military and economic assistance in considerable variety to a large number of other countries. In the Middle East, a modicum of assistance currently is going to the new government of Iraq. Small arms and ammunition have been shipped, economic technicians reportedly are to be sent, and more than 500 teachers are to be provided for the coming school year. 8/ Little aid has gone to Syria since it withdrew from the original UAR in September 1961, but cadres of Egyptian teachers are in Saudi Arabia, Kuwait, and other Persian Gulf sheikdoms. 9/

5. Aid to Other African Countries

In Africa the type and quantity of aid has varied widely from country to country. Economic development credits of \$13.8 million each have been extended to Guinea and Mali, an economic credit of \$11.2 million has been provided the Somali Republic, and offers apparently have been made to Sierra Leone and Mauritania. To date there has been almost no utilization of these credits. Since late 1962, however, the Egyptians have been signing protocols and conducting negotiations with all three credit recipients, and activity on specific projects now seems imminent. Aid in education has been widespread. Guinea, Sierra Leone, Niger, Mauritania, Morocco, Ghana, Tanganyika, Libya, the Sudan, and the Somali Republic are prominent beneficiaries of a two-pronged program consisting of resident Egyptian teachers and scholarships for study in Egypt. Other than Algeria, however, the Somali Republic is the only African nation currently receiving significant military assistance. Nasser has forwarded a substantial amount of military equipment to the Somalis, and Egyptian officers are conducting training in the use of these weapons.

25X1 [redacted] Vampire jets, for which Somali pilots and mechanics have been trained in Egypt, were delivered by Cairo in mid-August 1963. 10/ The reported despatch of 28 Egyptian Air Force instructors to train Ghanaian Air Force personnel indicates Nasser's eagerness to expand his military presence in West Africa. 11/

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6. Prospects

Since late 1962, offers of Egyptian aid to neighboring countries have been increasingly frequent, and a number of pending programs appear due for implementation in the near future. All indications are that this trend will continue and that Nasser will continue to use aid as a means of extending his influence throughout the area.

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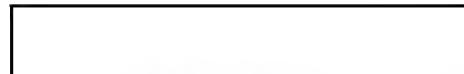
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